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The Outlook for Turkish Cypriot Autonomy

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An Intelligence Assessment

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March 1985

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The Outlook for Turkish Cypriot Autonomy

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An Intelligence Assessment

This paper was prepared by [] Office
of European Analysis. It was coordinated with the
Directorate of Operations. []

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Comments and queries are welcome and may be
directed to the Chief, Western Europe Division,
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Key Judgments

*Information available
as of 8 January 1985
was used in this report.*

The declaration of independence by the Turkish Cypriots on 15 November 1983 and the formation of the "Turkish Republic of Northern Cyprus" (TRNC) raised the specter of permanent partition. Turkish Cypriot leaders, however, have made little headway in gaining international recognition for the TRNC or in establishing the administrative underpinnings of a new state. Appeals to Islamic countries have failed to overcome the traditional Arab hostility toward the Turks and longstanding Arab political ties to the Greek Cypriots. And the new government has foundered because of a growing political polarization between left and right and its inability to stem the deterioration of the economy.

The TRNC is overwhelmingly dependent on Turkey. Turkish troops guarantee its security, and Ankara's less obvious influence in its economic and political life is no less vital. Turkey's financial aid has become increasingly important as the economy stagnates. Ankara also has intervened politically to try to curb leftist influence and has taken other actions—such as delays in the promulgation of a new constitution—to protect its own equities with its Western allies. Given these circumstances, we see almost no chance that the TRNC will develop toward genuine independence or autonomy in the next one or two years.

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The most likely near-term outlook for the TRNC, in our view, is its perpetuation as a semiautonomous and isolated entity. As long as Ankara remains determined to support the TRNC—and there is no evidence that it is having second thoughts—the Turkish Cypriots can maintain a separate existence. In addition, other alternatives do not appear viable:

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- Absorption by Turkey is not likely in the short term because the Turks are reluctant to take any more dramatic steps that might rally international support for Athens and Nicosia, or affect aid and security relationships with their allies. In our view, only a major escalation of tensions on Cyprus or an outbreak of intercommunal fighting could provoke absorption in the next year or two.

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- Prospects for a settlement reviving the federation with the Greek Cypriots appear remote after the collapse of the UN-sponsored summit in January.

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Turkish Cypriot leader Denktash responded to the failure of his recent summit with Cypriot President Kyprianou announcing only five days later that elections will be held in the TRNC in June.

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Over the longer term, however, we believe absorption into Turkey is probable. Its likelihood will increase in proportion to the degree to which Greek Cypriot and international opinion grows to accept the partition of the island as irreversible. There is a historical precedent: Turkey in 1939 absorbed the Arab-populated region of Hatay—formerly a province of French-dominated Syria—after a similar interregnum. []

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Any outcome short of a revival of the federation, however, poses dangers for US interests in the region. Further efforts by the Turkish Cypriots to consolidate independence will, at a minimum, impel the Greek Cypriots to rally international sentiment behind their cause and encourage Greek leader Papandreou to launch a campaign among EC and NATO members to impose sanctions on Turkey. More dramatic developments, such as significant international recognition of the TRNC, could produce a stiffer response, thus increasing the chances of conflict. Any sharpening of tensions between Athens and Ankara would force the United States to choose between actions that could antagonize one or both capitals, possibly jeopardizing US military facilities in Turkey or—more likely—Greece.

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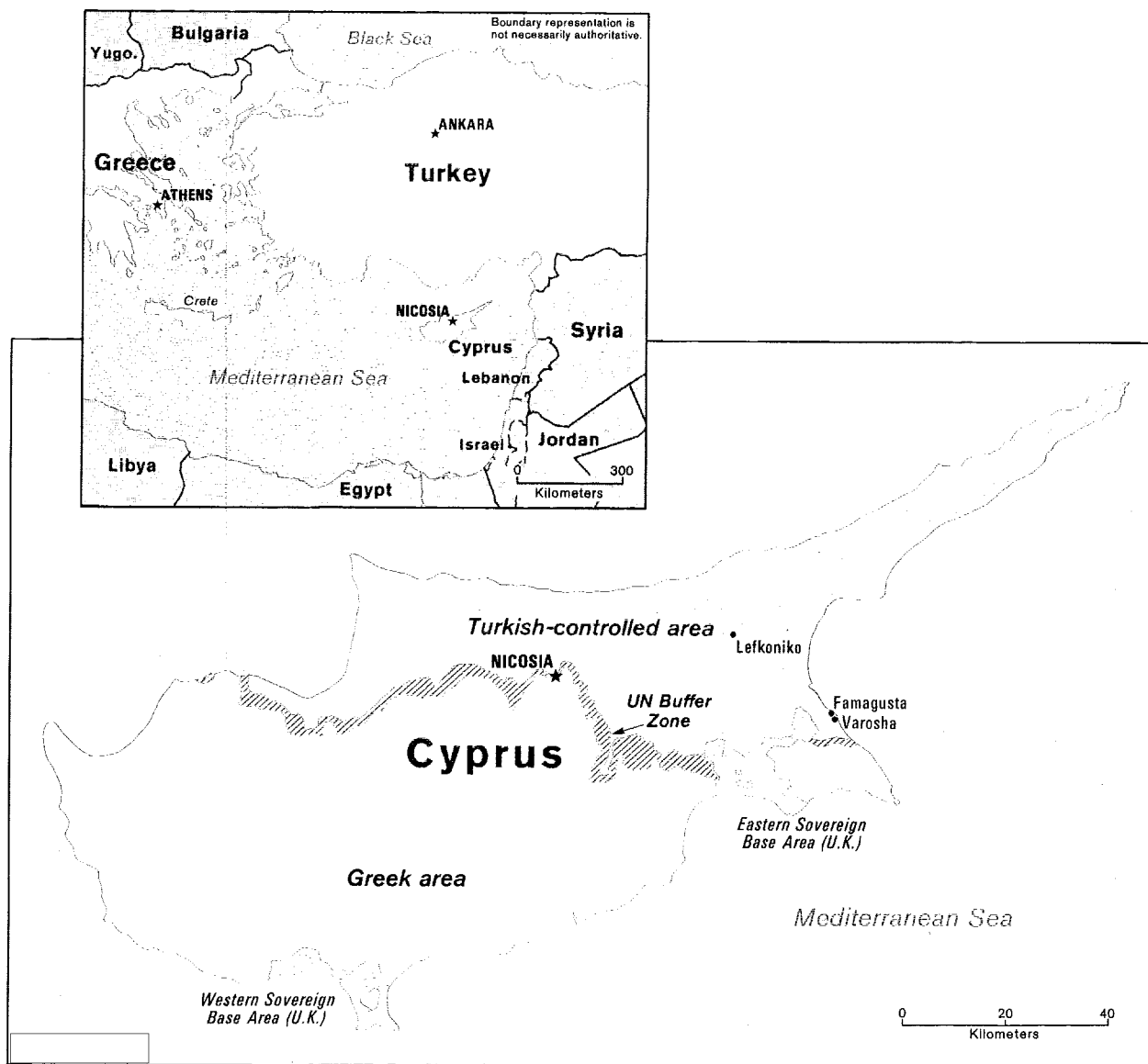
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The Outlook for Turkish Cypriot Autonomy

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Introduction

With the passage of time, the "Cyprus problem" has increasingly weighed upon US interests in the eastern Mediterranean as tensions have risen between Greece and Turkey, the two eastern anchors of the NATO alliance. Without progress toward a Cyprus settlement, Greek-Turkish disagreements in the Aegean are likely to continue. Differences over NATO command and control arrangements will probably not be resolved, and both countries will continue to resent US reluctance to extend wholehearted support.

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This assessment will address political and economic trends in the TRNC and their implications for its viability, the prospects for international recognition of the Turkish Cypriot entity, the role of Ankara, alternatives for the longer term future of northern Cyprus, and the significance these developments could have for US interests in the region.

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The current tensions between the Greek and Turkish communities on Cyprus go back to 1974 when Athens sponsored a coup that unseated the founding father of the independent Republic of Cyprus, Archbishop Makarios, and installed in his place Nikos Sampson, an ultrarightist advocate of union with Greece, or "enosis." The coup sparked fighting between the Greek and Turkish communities, which in turn triggered a Turkish invasion and occupation of the northern third of the island. The result was the division of the island—the rump Republic of Cyprus in the south and the "Turkish Federated State of Cyprus" in the north.

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The leaders of the TRNC and their Turkish patrons have devoted their first year of "independence" to trying to win international recognition and putting in place the legal and constitutional cornerstones of statehood. Neither effort has been particularly successful.

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International Relations

Turkish and TRNC representatives have focused their efforts on wooing neighboring Islamic states by appealing to a common religious and cultural heritage. They have stressed their solidarity on such issues as the Arab-Israeli dispute, where they have tried to turn the Greek Cypriot recognition of Israel to their advantage. They also have lobbied distant Islamic states, such as Bangladesh, Pakistan, and Indonesia.

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The declaration of independence by the Turkish Cypriots on 15 November 1983 and the formation shortly after of the "Turkish Republic of Northern Cyprus" (TRNC) marked the beginning of a new and turbulent phase. More than any other event since 1974, the declaration raised the specter of permanent partition. Greek Cypriots gave little credence to the claim of Turkish Cypriot "President" Rauf Denktaş that independence would facilitate reconciliation between the 150,000 Turks in the north and the 520,000 or so Greeks and small minority groups in the south. Indeed, we believe both communities have become even more skeptical about the other's intentions. Turkish policymakers, whose troops guarantee the survival of the TRNC and dominate the island, are likely to provide another key to future developments.

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The campaign in the Middle East has stumbled over traditional Arab hostility and suspicion toward the Turks. Syria, for example, not only has shown itself indifferent toward the TRNC but has actively lobbied for the Greek Cypriot cause in nonaligned and UN forums. Nicosia's credentials as a cofounder of the Nonaligned Movement (NAM) have also been a factor because many Muslim countries are reluctant to risk splitting the NAM.

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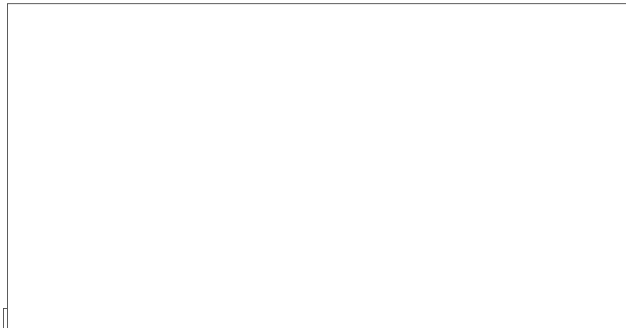
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Turkish Cypriot Foreign Policy

The following points, derived from statements by interim Prime Minister Konuk and other government leaders, are the basis of TRNC foreign policy:

- Close ties to Turkey, but not annexation.
- Diplomatic relations with all countries, particularly Islamic ones, but no ties to Israel.
- UN sponsorship of communal talks for a solution of the Cyprus problem in which the Turkish and Greek communities would have equal footing.
- No membership in military blocs or use of the TRNC by other countries for hostile purposes.
- Devotion to UN principles, maintenance of close ties to the Nonaligned Movement and the Commonwealth.
- Obtaining financial benefits from the EC in line with the island's association agreement with the Community. [redacted]



[redacted] We believe they are content for now to lay the groundwork for eventual recognition. They will count on time, accommodation to the status quo, and their own patient lobbying to wear away reluctance to recognize the TRNC. [redacted]

Internal Politics

The transitional government headed by Rauf Denktash has taken tentative steps to erect the internal building blocks of statehood, beginning with a new constitution. Soon after independence, Denktash selected a constitutional assembly consisting of the former 40-member legislature plus 30 additional members, which has prepared a draft constitution for public discussion. Further work was delayed by the need to avoid steps that could be portrayed as sabotaging the UN-sponsored intercommunal negotiations that began last September. [redacted]

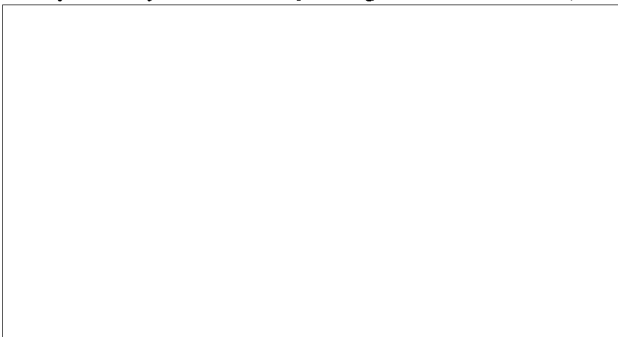
The new constitution appears to be similar to the 1975 constitution of the "Turkish Federated State of Cyprus" (TFSC), which is still in effect. Both include similar wording in regard to legislative and executive powers, the judiciary, and basic human rights. The new draft places greater stress on the need for equality with the Greek side as a condition for reunification. [redacted]

Movement toward a new constitution has not been accompanied by any signs of the development of a sense of national identity in the north, despite euphoria over the declaration of independence. Indeed, politics in northern Cyprus, in our judgment, have reverted to the pattern of corruption, internal factionalism, and petty intrigue that wracked preindependence bureaucracies. [redacted]

And the results of the TRNC's diplomatic efforts in other regions have borne no fruit:

- None of Turkey's Western allies has recognized the fledgling state, and we doubt that any will do so in the near future.
- The Soviet Union and its East European allies are equally unlikely to recognize the TRNC. Soviet officials openly have expressed concern that the continued existence of the TRNC will lead to permanent partition and the eventual absorption of the two communities by Greece and Turkey. They presumably fear that such a turn of events would lead to the establishment of NATO bases. [redacted]

Only Turkey has formally recognized the TRNC,

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Rauf Denkash

Camera Press ©

became the chief Turkish Cypriot negotiator with the Greek side, and he has served in this capacity until the present. In 1973 Denkash was elected Vice President of Cyprus, and he has served as "President" of the Turkish Cypriot community since February 1975. He was reelected in 1981, the most recent Turkish Cypriot presidential election, with 52 percent of the vote. [redacted]

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The 60-year-old Turkish Cypriot lawyer has been a leader of his community for nearly 30 years. Denkash became active in politics in 1957, after serving as a lawyer in the Attorney General's Office of the British colonial administration. He achieved notoriety even before Cyprus became independent in 1960 because of his inflammatory, anti-Greek statements, for which he was exiled in 1964. After former President Makarios offered him amnesty in 1968, he

Denkash, himself, for example, acted in a highly partisan fashion at the time of the declaration to strengthen his control over the government. He assured himself of a majority in the constitutional assembly by appointing 30 new deputies, most of whom are beholden to him. Earlier, he had to lobby for majorities by courting the three minority party and independent deputies in the 40-seat legislature. His conservative National Unity Party had only 18 seats, while the opposition center-left Communal Liberation Party held 12 seats, and the Marxist Republican Turkish Party had six seats. [redacted]

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One consequence of Denkash's maneuvering, in our view, has been an increased political polarization. In a rare public opinion poll, the newspaper *Halkin Sesi*

reported last June that, although the conservatives and leftists remained evenly divided, the Marxist and pro-Soviet Republican Turkish Party had eclipsed the center-left Communal Liberation Party. These cleavages extend into the government where, [redacted] political infighting impelled Prime Minister Konuk—an independent—to tender his resignation in early October. Denkash has yet to accept the offer, but a cabinet shakeup is pending because of the resignation of three ministers in December. [redacted]

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Table 1
TFSC Legislature (Pre-1984)

	Leader	Orientation	Assembly Seats ^a
National Unity Party	Dervis Eroglu (Rauf Denktash) ^b	Conservative	18
Communal Liberation Party	Ismail Bozkurt	Social democratic	12
Republican Turkish Party	Ozker Ozgur	Marxist/pro-Soviet	6
Democratic People's Party	Ismet Kotak	Centrist	1
New Birth Party	Vural Cetin	Extreme rightist	1
Working People's Party	Bekir Azgin	Socialist	1
Social Democrats	Rauf Denktash	Social democratic	
Communal Leap Party	Irsen Kucuk	Center-right	

^a Eroglu is the nominal leader of the National Unity Party, while Rauf Denktash retains effective control of the group.

^b One seat was held by an independent.

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Political polarization has also helped delay the government's timetable for political and institutional change. The dates originally specified for a constitutional referendum (19 August 1984) and an election (4 November 1984) were deferred because of the extended arguments over the draft constitution as well as by the beginning of intercommunal negotiations. The draft constitution's provisions for a stronger presidency probably are a major point of contention because of leftist opposition to Denktash.

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The paralysis of the political process has, in our judgment, undermined the TRNC's viability and weakened its campaign to win international recognition. But the failure of the Denktash-Kyprianou summit in January removed one of the barriers toward statehood. Denktash announced a parliamentary election for 23 June and a presidential election shortly thereafter. A referendum on the draft constitution is scheduled to take place by the end of April. We believe it unlikely, however, that these elections will do much to enhance the international standing or viability of the TRNC in the short run. We believe that it is unlikely the elections will launch the TRNC on the long road to respectability.

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Economy

The Turkish Cypriots' dilatoriness in nation building is most glaringly evident in the economic arena. The division of Cyprus in 1974 shattered the transportation and communications networks and rent the island's economy. With the exception of electricity and water—and modest amounts of bottled gas—there are no exchanges of goods and services between the two parts of the island.

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The institutions of an independent economy which the government has managed to put in place have more to do with appearances than with any legitimate economic function. It opened a central bank in 1984, for example, that in theory deals in foreign exchange, sets interest rates, and regulates credit but in fact has no control over aggregate money supply.

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The Turkish Cypriots have largely dissipated their economic advantages—some of the most fertile farmlands and few refugees, compared with the flood that descended on the Greek Cypriot areas of the south. The peasant farmers and artisans of the Turkish-controlled north lack the skills of the entrepreneurs and businessmen who dominate the economy of the Greek Cypriot areas of the south. The Turkish Cypriots' lack of international recognition, too, has made it more difficult for them to gain access to overseas markets and foreign investment capital. Since the TRNC replaced the Cypriot pound with the Turkish lira in mid-1983, its economy has suffered from the inflation that plagues the mainland. TRNC officials project an inflation rate of 50 percent for 1984, or nearly double the rate that existed in 1982 and 1983. Moreover, per capita income has declined every year since 1980. The value of imports last year was slightly more than twice the value of exports.

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The result is a pronounced economic disparity between the Greek and Turkish Cypriot economic sectors.

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Economic malaise in turn has produced political ferment. In December, the three labor federations, involving both conservative and Communist workers, launched an unprecedented one-day strike. The walk-out was due to higher prices and the government's reduction of food subsidies, as well as the rumored intention of the government to adopt the free market policies of Turkey's Prime Minister Ozal.

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Turkey: More Than Mentor

In our view, the most important obstacle to the development of an independent TRNC is Turkey's overwhelming domination of all aspects of Turkish Cypriot life. The domination is so total that, in our view, the only real barrier to Turkish annexation is Ankara's assessment of its own political and diplomatic equities. Ankara has not wanted to risk the difficulties with its major allies that would almost certainly ensue from an open assertion of control.

Table 2
Comparative Economic Indicators
for the Turkish and Greek Cypriots, 1983

	TRNC	Government of Cyprus
Gross Domestic Product (1982)	\$206.3 million	\$2,098 million
Per capita income	\$1.3 thousand	\$4.1 thousand
Exports	\$42.9 million	\$495.4 million
Imports	\$133.2 million	\$1,220 million
Unemployment rate	Over 10 percent	3.3 percent
Inflation rate	33 percent	5.1 percent

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Financial Aid

According to the US Embassy in Nicosia, Turkish aid loans and grants have been growing more important to the Turkish Cypriots since 1978. Ankara supplied \$33.2 million (52 percent) of the TRNC's \$63.9 million budget in 1981, \$35.4 million (56 percent) of the \$63.3 million budget in 1982, and \$47 million (61 percent) of the estimated budget of \$77.2 million in 1983. The Turkish Government, moreover, has not required the repayment of the past loans. Turkish aid is all the more vital because foreign aid from other sources, such as West Germany, Libya, and Saudi Arabia, has been minimal. Financial mismanagement could prove to be a disincentive to other possible aid donors.

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Turkey also supports the economy of the TRNC in less direct ways, including local purchases for the maintenance of Turkish troops and revenues from Turkish mainland tourists, who make up about 80 percent of the tourist arrivals. Turkey allows the duty-free import of 203 categories of items produced in the TRNC. The Turkish Government has made small investments in the Turkish Cypriot airlines, several industrial holding companies, and an oil storage facility, and plays a vital role in the transportation sector. It supplies all of the TRNC's petroleum and a large percentage of its food as well.

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There is one major exception to the pattern of dependence on Turkey. The TRNC still must rely on the Greek Cypriots for a large portion of its electricity supplies. The Turks have made only some marginally successful efforts to end this interdependence, helping finance two new power plants in the north even before independence. The US Embassy in Nicosia reports that Ankara now is studying the possibility of supplying the TRNC with electrical power through an underwater cable from southern Turkey.

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3,000. Turkish forces on the island number at least 22,000 to 23,000.

In contrast, the TRNC itself has only some 4,500 poorly trained militia.

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Political Involvement

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According to the US Embassy in Nicosia, Ankara has taken an active part in both drafting the constitution and in past decisions to defer its promulgation.

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Security Assistance

The TRNC's dependence on Turkey is closest to absolute in the security arena, and the Turkish Army on Cyprus is the most conspicuous aspect of Ankara's presence. There is some evidence that this presence is expanding.

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additional troops had arrived—estimates varied from 1,300 to

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Even if Turkey's reservations about TRNC internal politics were less strong and its presence there less overwhelming, the TRNC's inability to cope with external dangers would ensure a continuing strong Turkish role. For the indefinite future, we believe the TRNC will be unable to offset the demographic and economic superiority of the Greek Cypriots. Without Turkish protection, the TRNC would face the threat of forcible reunification at the hands of the Greek Cypriots and the possibility of intervention by Greece. Greece's historically and ethnically based claim to a voice in the affairs of the island is buttressed by treaty—it, along with the United Kingdom and Turkey, is one of the guarantors of the 1960 agreements that created the Republic of Cyprus. []

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Various [] diplomatic reports also strongly suggest that Turkey restrained the pace of developments in the TRNC because of concern for its larger strategic interests. []

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We see little prospect that the TRNC can develop the degree of international legitimacy and acceptance that could offer it any real security. At best, the TRNC can hope to achieve recognition from a few Islamic countries such as Bangladesh, Sudan, Indonesia, and Somalia, but their recognition probably would not provide the impetus for other states to follow suit. The TRNC offers little political or economic gain, and recognition of the TRNC would open the other country to retaliation by the Greek Cypriots and Greece. We believe the Greeks would almost certainly sever diplomatic ties to any state that extended formal recognition to the TRNC, although they might tolerate some commercial and cultural relations with the TRNC. Under these circumstances, recognition by more than a few countries may not come about for many years. []

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Turkish newspapers quoted Ozal last summer as saying that the most important period for Turkey in regard to Cyprus was "October and November, until the US Presidential elections." []

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Now that these two issues have been resolved and the UN negotiations have been sidetracked, the way is clear to proceed with a general election and a referendum on the constitution. In our judgment, these events, however, will be of more significance to the TRNC's image abroad than to its ability to maintain genuine autonomy. []

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Short-Term Prospects

We believe a perpetuation of the status quo—nominal independence but de facto subordination to Turkey—is the most likely prospect over the next one to two years. We also believe it is possible, although much less likely, that Turkey might move to simply annex the TRNC, presumably after going through the exercise of a popular referendum. The least likely outcome, in our estimation, is the reestablishment of a federal Cypriot state based on a negotiated settlement with the Greek Cypriots. []

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Outlook

Over the next one to two years, we see almost no chance that the TRNC can develop in the direction of genuine independence, or even autonomy. The TRNC's economic weakness and political disorganization and disunity will perpetuate Turkey's influence in the northern part of the island. As long as Turkish concern about leftist political forces in the TRNC remains alive, Ankara will use its economic, security, and political leverage. []

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